# ORIGINAL NEW APPLICATION ORIGINAL NEW APPLICATION ORIGINAL NEW APPLICATION



5230 East Shea Boulevard \* Scottsdale, Arizona 8. PH: (480) 998-3300; FAX: (480) 483-7908

February 23, 2009

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

WS-02987A-09-0083

Attached is an application by Johnson Utilities, L.L.C. for an Extension of its Certificate of Convenience and Necessity (CC&N). The purpose of this application is to expand our existing water and sewer service area to include the developments known as Caballero, Nevitt Farms, State Land, and the portions of Merrill Ranch that are currently outside the Company's CC&N. The CC&N application has been made at the request of the land owners and developers with the exception of the state land. The state land included with this application is surrounded by our existing CC&N and has been included with this application as a courtesy to the State. We have discussed our intentions with the State Land Department and are anticipating receiving a letter from them in support of this application prior to receiving sufficiency. The request for service letters from the land owners will be filed in this docket under a separate cover from this application. Thank you for your time and consideration in this matter.

Arizona Corporation Commission DOCKETED

FEB 2 3 2009

DOCKETED BY

Brian P. Tompsett Johnson Utilities, L

DOCKET COMM

RECEIVED

### ARIZONA CORPORATION COMMISSION

## APPLICATION FOR AN EXTENSION OF CERTIFICATE OF CONVENIENCE AND NECESSITY

### WATER AND/OR SEWER

A. The name, address and telephone number of the Applicant is:

Johnson Utilities, L.L.C. 5230 E. Shea Blvd., Suite 200 Scottsdale, AZ. 85254 480-998-3300

B. The name, address, and telephone number of management contact is:

Brian P. Tompsett 5230 E. Shea Blvd., Suite 200 Scottsdale, AZ. 85254 480-998-3300

C. List the name, address and <u>telephone number</u> of the operator certified by the Arizona Department of Environmental Quality.

Gregory Brown 5230 E Shea Blvd., Suite 200 Scottsdale, AZ 85254 480-998-3300

D. List the name, address and telephone number of the attorney for the Applicant:

Jeffrey W. Crockett Snell & Wilmer, L.L.P. One Arizona Center Phoenix, AZ 85004 602-382-6234

- E. Attach the following documents that apply to you:
  - 1. Certificate of Good Standing (if corporation)

See Attachment 1

2. Corporate Resolution Authorizing this application (if required by the corporation's Articles of Incorporation)

Not Applicable

F. Attach a legal description of the area requested by either CADASTRAL (quarter section description) or Metes and Bounds survey. References to parcels and dockets will not be accepted.

See Attachment 2

G. Attach a detailed map using the form provided as attachment B. Shade and outline the area requested. Also indicate the present certificated area by using different colors.

See Attachment 3

H. Attach a current balance sheet and profit and loss statement

See Attachment 4

- I. Provide the following information:
  - 1. Indicated the estimated number of customers, by class, to be served in the new area in each of the next five years:

See Attachment 5

2. (WATER ONLY) Indicate the projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years.

See Attachment 5

3. Indicate the total estimated annual operating revenue from the new area for each of the next five years.

See Attachment 6

• Complete Attachment "D" (Water Use Data Sheet) for the past 13 months.

See Attachment 7

4. Indicate the total estimated annual operating expenses attributable to the new area for each of the next five years.

See Attachment 6

J. Total estimated cost to construct utility facilities to serve customers in the requested area:

The estimated cost to serve the customers in the requested area is \$125,898,195 for water and \$133,414,990 for sewer.

K. Explain method of financing utility facilities (see paragraph 8 of instructions)

The construction of the additional utility facilities needed to serve the area covered by this Application will be financed primarily by advances in aid of construction and hook-up fees in accordance with Commission regulations and Johnson Utilities applicable tariffs, as well as pursuant to the terms of any main extension agreements between Johnson Utilities, and property owners. A copy of all fully

executed main extension agreements for water facilities between parties shall be filed with the Commission in support of this Application when completed.

L. Estimated starting and completion date of construction of utility facilities:

Start date: June, 2010

Completion date: December, 2020

- M. Attach the following permits:
  - 1. Franchise from either the City or County for the area requested.

See Attachment 8

2. Arizona Department of Environmental Quality or designee's approval to construct facilities

Arizona Department of Environmental Quality's Approval to Construct the facilities to serve the requested extension area will be provided to the Commission as soon as they are received by Johnson Utilities.

3. Arizona State Land Department approval. (If you are including any State land in your requested area this approval is needed.)

The state land parcels were included in this filing as a courtesy to the state. These parcels are surrounded by our service area and would leave the state with no other option for another service provider. We have discussed our intent with the state and are awaiting a letter from them. We anticipate receiving the letter prior to application sufficiency. As soon as we receive this letter it will be submitted in support of this application.

4. U.S. Forest Service approval-

Not Applicable

5. (WATER ONLY) If the area requested is within an Active Management Area, attach a copy of the utility's Designation of an Assured Water Supply, or the developer's Certificate of 100 year Assured Water Supply issued by the Arizona Department of Water Resources.

See the Designation of an Assured Water Supply for the Phoenix AMA and Pinal AMA attached hereto as Attachments 9 and 10 respectively.

• If the area requested is outside an Active Management Area, attach the developer's Adequacy Statement issued by the Arizona Department of Water Resources if applied for by the developer.

Not Applicable

• If the area requested is outside an Active Management Area and the developer does not obtain an Adequacy Statement, provide sufficient detailed information to prove that adequate water exists to provide water to the area requested.

Not Applicable

(Signature of Authorized Representative)

Brian P. Tompsett

(Print of Type Name Here)

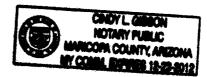
**Executive Vice President** 

(Title)

SUBSCRIBED AND SWORN to before me this 23 day of 520%

NOTARY PUBLIC

My Commission Expires 12.23.2012









Office of the

### **CORPORATION COMMISSION**

### CERTIFICATE OF GOOD STANDING

To all to whom these presents shall come, greeting:

I, Brian C. McNeil, Executive Director of the Arizona Corporation Commission, do hereby certify that

\*\*\*JOHNSON UTILITIES, L.L.C. \*\*\*

a domestic limited liability company organized under the laws of the State of Arizona, did organize on the 5th day of June 1997.

I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said limited liability company is not administratively dissolved for failure to comply with the provisions of A.R.S. section 29-601 et seq., the Arizona Limited Liability Company Act; and that the said limited liability company has not filed Articles of Termination as of the date of this certificate.

This certificate relates only to the legal existence of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 14th Day of January, 2009, A. D.

Order Number: 302569





## CC & N Legal Description for T3S, R7E

The Northwest Quarter of Section 10; and

The South Half of the Southeast Quarter of Section 10; and

### CC & N Legal Description for T3S, R8E

A portion of the Southwest Quarter of Section 5 located West of the Union Pacific Railroad; and

The East Half of Section 7; the South Half of the Southwest Quarter of Section 7; and;

A portion of Section 8 located West of the Union Pacific Railroad; and,

A portion of the Southwest Quarter of Section 9 located West of the Union Pacific Railroad; and,

A portion of Section 16 lying West of the Union Pacific Railroad; and,

The North Half of Section 17; and,

The North Half of the North Half of Section 18; and,

A portion of the Southwest Quarter of Section 20 lying East of Hunt Highway; and

A portion of the Southeast Quarter of Section 20 lying East of Hunt Highway; and

The South Half of Section 21; and

The North Half of the North Half of Section 22; the South Half of Section 22; the West Half of

the West Half of Section 22, except the North 1320 feet and the South 1320 feet; and the East

Half of the East Half of Section 22, except the North 1320 feet and the South 1320 feet; and

All of Section 25; and

All of Section 26; and

A portion of the Northeast Quarter of section 29 located east of Hunt Highway;

A portion of the Northeast Quarter of the Northwest Quarter of Section 33 located west of Hunt Highway; and

A Portion of the east Half of section 33 located East of Hunt highway; and

All of Section 34; and

All of Section 35 all in Township 3 South, Range 8 East.

### CC & N Legal Description for T4S, R8E

The East Half of Section 3; and,

The Southeast Quarter of Section 10; and,

The East Half of the Northeast Quarter of Section 12, and,

The Northwest Quarter of Section 13 and the North Half of the Southwest Quarter of Section 13;

and

The Northeast Quarter Section 14 the North Half of the Southeast Quarter of Section 14; and

The East Half of Section 15; and

The Southeast Quarter of Section 23; and

All of Section 26; and

The North Half of Section 35, all in Township 4 South, Range 8 East.

### CC & N Legal Description for T4S, R9E

The East Half of Section 9; and,

The Northeast Quarter of Section 10; and,

The North Half, and the Southeast Quarter of Section 11; and

The Northeast Quarter, and a portion of the Northwest Quarter of Section 14, except the West

Of the West 660 feet of the South 2000 feet of the East Half of the Northwest Quarter and except

the South 660 Feet of the Southwest Quarter of the Northwest Quarter; and

A portion of the North Half of the Southeast Quarter of Section 14; and

The Northeast Quarter Section 14 the North Half of the Southeast Quarter of Section 14; and

A portion of the North Half of Section 15 located East of the CAP Canal; and

The North 1000 feet of the South Half of Section 28; and

The North 1000 feet of the East 660 feet of the Southeast Quarter of Section 29;

all in Township 4 South, Range 9 East.

### EXHIBIT A

The general property boundary description for the Merrill Ranch Planned Unit Development is as follows

### Tract 1 - (Portion of Merrill Ranch within Annexation Boundary))

### Tract-1-A

A portion of land lying within Sections 15, 16, 17, 18, 19, 20, 21, 22, 23, 26, 27, 28, 29, 30, 31, 32, 33, 34 and 35, Township 4 South, Range 9 East of the Gila and Salt River Meridian, County of Pinal, Arizona, more particularly described as follows:

Beginning at the North Quarter Corner of said Section 18 (a 1 ½" aluminum capped rebar) from which the Northwest Corner of said Section 18 (1928 GLO Brass Cap) bears North 89°40'42" West a distance of 2643.00 feet;

Thence South 89°42'22" East a distance of 2628.00 feet to a point; Thence South 89°42'48" East a distance of 2624.98 feet to a point; Thence South 89°43'12" East a distance of 2625.97 feet to a point; Thence South 89°58'12" East a distance of 2625.35 feet to a point; Thence South 89<sup>6</sup>54'12" East a distance of 2625.94 feet to a point; Thence South 89°31'44" East a distance of 212.30 feet to a point; Thence South 67°30'35" East a distance of 1720.81 feet to a point; Thence South 59°41'12" East a distance of 4046.60 feet to a point; Thence South 59°42'54" East a distance of 3058.51 feet to a point; Thence South 00°08'31" East a distance of 1109.97 feet to a point; Thence South 00°03'02" East a distance of 5218.61 feet to a point; Thence South 89°39'33" West a distance of 2616.00 feet to a point; Thence North 89°41'25" West a distance of 2645.25 feet to a point; Thence North 89°44'28" West a distance of 2642.19 feet to a point; Thence South 00°33'41" West a distance of 1321.05 feet to a point; Thence South 89°44'25" East a distance of 2641.14 feet to a point; Thence South 00°34'05" West a distance of 1321.07 feet to a point; Thence South 89°44'23" East a distance of 2640.50 feet to a point; Thence South 00°35'27" West a distance of 1318.51 feet to a point; Thence South 89°28'09" East a distance of 1316.20 feet to a point; Thence South 00°29'31" West a distance of 1319.12 feet to a point; Thence North 89°26'30" West a distance of 1317.81 feet to a point; Thence North 89°48'06" West a distance of 2640.13 feet to a point; Thence North 89°48'06" West a distance of 2640.13 feet to a point; Thence South 00°06'34" East a distance of 1892.17 feet to a point; Thence South 69°31'04" West a distance of 10.89 feet to a point; Thence South 71°49'55" West a distance of 666.30 feet to a point; Thence South 82°10'55" West a distance of 525.34 feet to a point; Thence South 58°46'43" West a distance of 379.92 feet to a point; Thence South 89°18'34" West a distance of 695.69 feet to a point; Thence North 81°05'51" West a distance of 993.65 feet to a point; Thence South 89°24'15" West a distance of 456.05 feet to a point;

Thence South 77°45'29" West a distance of 1257.34 feet to a point; Thence South 66°19'44" West a distance of 434.74 feet to a point; Thence South 67°29'38" West a distance of 1240.29 feet to a point; Thence North 00°01'26" West a distance of 1026.64 feet to a point; Thence South 90°00'00" West a distance of 1462.35 feet to a point; Thence North 00°11'29" West a distance of 2138.44 feet to a point; Thence North 00°06'53" East a distance of 1319.48 feet to a point; Thence South 89°51'41" East a distance of 2617.94 feet to a point; Thence South 89°53'47" East a distance of 5253.43 feet to a point; Thence North 00°33'46" East a distance of 1321.36 feet to a point; Thence North 89°54'40" West a distance of 2631.46 feet to a point; Thence North 89°54'40" West a distance of 2554.70 feet to a point; Thence North 00°12'27" West a distance of 2642.02 feet to a point; Thence North 89°43'12" West a distance of 2749.47 feet to a point; Thence South 01°21'33" East a distance of 2650.21 feet to a point; Thence North 89°52'18" West a distance of 2580.60 feet to a point; Thence South 00°08'42" West a distance of 2638.00 feet to a point; Thence South 89°51'02" East a distance of 1274.81 feet to a point; Thence South 00°08'55" East a distance of 1320.24 feet to a point; Thence North 89°50'22" West a distance of 1308.92 feet to a point; Thence North 89°46'13" West a distance of 2614.59 feet to a point; Thence North 00°08'45" West a distance of 1320.32 feet to a point; Thence North 89°43'02" West a distance of 2652.22 feet to a point; Thence North 01°12'49" West a distance of 95.99 feet to a point; Thence North 65°40'16" East a distance of 2942.13 feet to a point; Thence North 89°42'26" West a distance of 2651.78 feet to a point; Thence North 00°13'18" West a distance of 1320.09 feet to a point; Thence North 00°11'51" West a distance of 2644.86 feet to a point; Thence North 00°11'35" West a distance of 2646.78 feet to a point; Thence North 00°11'16" West a distance of 2645.58 feet to a point; Thence South 89°40'42" East a distance of 2599.94 feet to a point; Thence North 00°19'18" East a distance of 5280.00 feet to the POINT OF BEGINNING.

### Tract-1-B

The Northeast Quarter of Section 29, Township 4 South, Range 9 East of the Gila and Salt River Base and Meridian, Pinal County, Arizona;

EXCEPT any portion thereof lying within the right-of-way of Hunt Highway; and

EXCEPT any portion of the Northeast Quarter lying within that certain parcel currently being assessed to Southern Pacific Transportation Company;

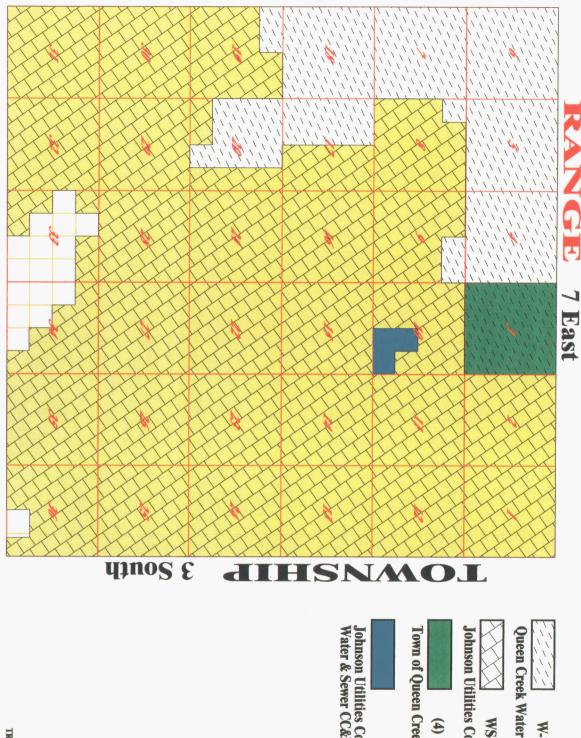
EXCEPT all oil and gas as reserved in the Patent.

Said description contains 7537 acres, more or less.

## CC & N Legal Description for Section 23, T3S, R9E

All of Section 24 in Township 3 South, Range 9 East.

# GOUNTEZ Pinal



W-1395 (2)

**Queen Creek Water Company** 

WS-2987 (6)

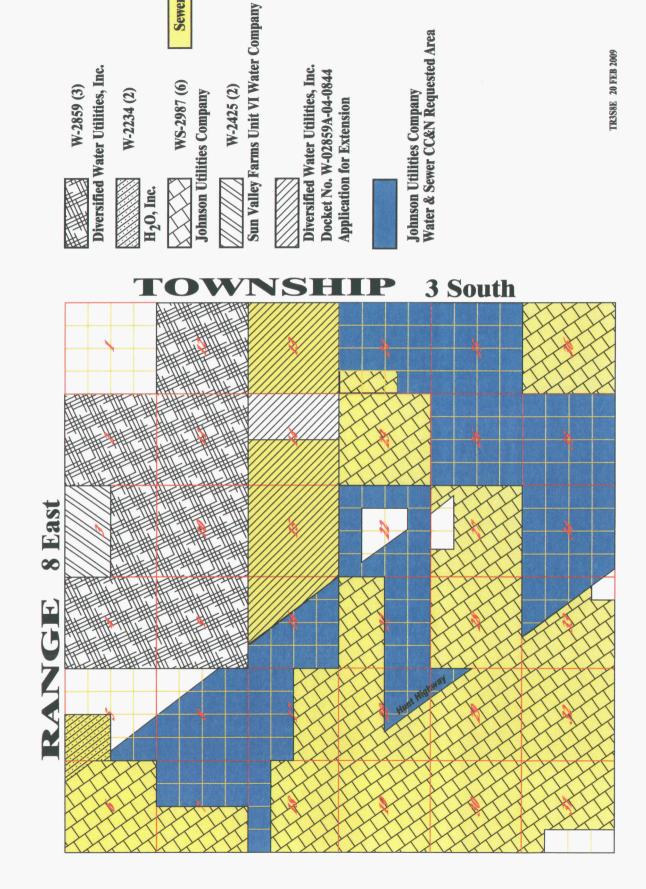
Sewer

Johnson Utilities Company

Town of Queen Creek - Sewer (Nonjurisdictional)

Johnson Utilities Company
Water & Sewer CC&N Requested Area

# GO UTINET Pinal



Sewer

WS-2987 (6)

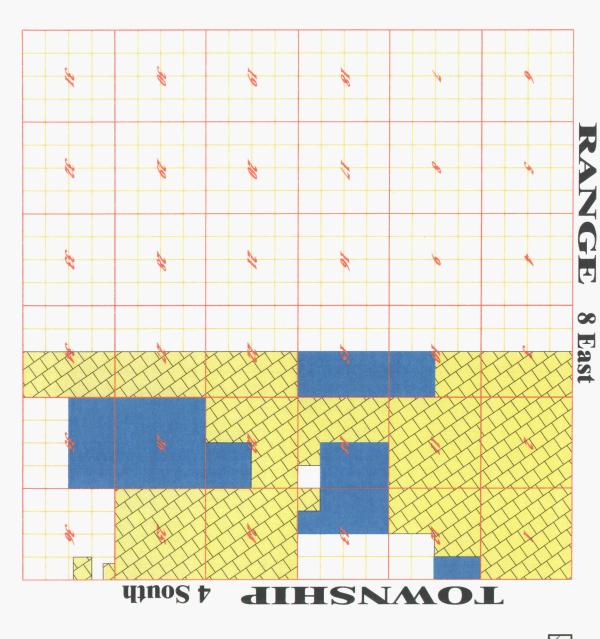
W-2234 (2)

W-2425 (2)

W-2859 (3)

TR3S8E 20 FEB 2009

# GOUNTENZ = Pinal



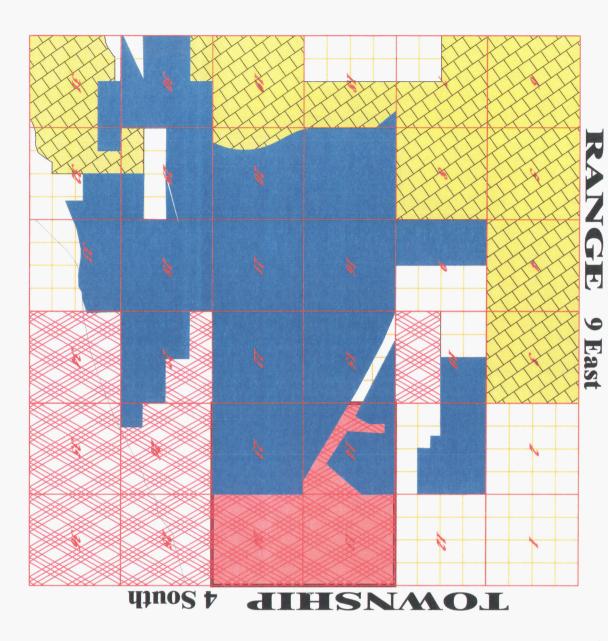
WS-2987 (6)

Sewer

**Johnson Utilities Company** 

Water & Sewer CC&N Requested Areas **Johnson Utilities Company** 

# GOUNTINE Pinal



WS-2987 (6)

Sewer

Map No. 12

**Johnson Utilities Company** 

C-0005 (4)

Sewer

City of Florence (Nonjurisdictional)

Water & Sewer CC&N Requested area Johnson Utilities Company

# GOUNTENZ: Pinal



WS-2987 (6)

Sewer

Johnson Utilities Company

Johnson Utilities Company Water & Sewer CC&N Requested Area



To The Members of Johnson Utilities, L.L.C. Scottsdale, Arizona

We have compiled the accompanying balance sheet of Johnson Utilities, L.L.C. as of December 31, 2007 and the related statement of income for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by generally accepted accounting principles. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, the Company. Members are taxed individually on their shares of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the operating agreement of the Company.

This report is intended solely for the information and use of the owners, management, and others within the company and is not intended to be and should not be used by anyone other than these specified parties.

Ullmann & Company, P.C.

Ullman & Company

Certified Public Accountants

April 8, 2008

### Johnson Utilities, L.L.C. Balance Sheet December 31, 2007

### **ASSETS**

Utility Plant		
Plant in Service	\$	203,440,854
Less: Accumulated Depreciation		(13,521,197)
Net Utility Plant in Service	\$	189,919,657
Construction Work in Progress		6 704 660
Net Utility Plant	\$	6,784,568 196,704,225
Net Offity Fiant	Φ.	190,704,225
Current Assets		
Cash	\$	9,216,783
Accounts Receivable	•	2,070,963
Inventory		348,852
Other Receivables		344,620
Total Current Assets	\$	11,981,218
	-	
Other Assets		
Deferred Legal Fees	\$	1,397,311
Deferred Engineering Fees	_	216,412
Total Other Assets	\$_	1,613,723
Total Assets	\$	210,299,166
	٠.	
MEMBER'S CAPITAL & LIABILITIES	` :	
MEMBER'S CAPITAL & LIABILITIES  Member's Capital	\$_	
Member's Capital	<b>\$</b> _	28,608,439
	•	
Member's Capital	<b>\$</b> _	28,608,439
Member's Capital  Contributions in Aid of Construction  Long-Term Debt	\$ <sub>.</sub>	28,608,439 74,997,272
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities	\$_ \$_ \$_	28,608,439 74,997,272 772,000
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable	\$ <sub>.</sub>	28,608,439 74,997,272 772,000 5,175,250
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable Current Portion of Advances in Aid of Construction	\$_ \$_ \$_	28,608,439 74,997,272 772,000 5,175,250 940,000
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable Current Portion of Advances in Aid of Construction Customer Deposits	\$_ \$_ \$_	28,608,439 74,997,272 772,000 5,175,250 940,000 285,275
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable Current Portion of Advances in Aid of Construction Customer Deposits Accrued Taxes	\$ \$ \$ \$	28,608,439 74,997,272 772,000 5,175,250 940,000 285,275 1,685,258
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable Current Portion of Advances in Aid of Construction Customer Deposits	\$_ \$_ \$_	28,608,439 74,997,272 772,000 5,175,250 940,000 285,275
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable  Current Portion of Advances in Aid of Construction  Customer Deposits  Accrued Taxes  Total Current Liabilities	\$ \$ \$ \$	28,608,439 74,997,272 772,000 5,175,250 940,000 285,275 1,685,258
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable Current Portion of Advances in Aid of Construction Customer Deposits Accrued Taxes Total Current Liabilities  Deferred Liabilities	\$ \$ \$ \$	28,608,439 74,997,272 772,000 5,175,250 940,000 285,275 1,685,258 8,085,783
Member's Capital  Contributions in Aid of Construction  Long-Term Debt  Current Liabilities  Accounts Payable  Current Portion of Advances in Aid of Construction  Customer Deposits  Accrued Taxes  Total Current Liabilities	\$ \$ \$ \$	28,608,439 74,997,272 772,000 5,175,250 940,000 285,275 1,685,258

See Accountants' Compilation Report

### Johnson Utilities, L.L.C. Statement of Income December 31, 2007

Operating Revenue	
Water Sales	\$ 12,104,109
Sewer Fees	10,182,403
Other Revenue	780,196
<u>Total Revenue</u>	\$ 23,066,708
Operating Expenses	
Purchased Water	<b>\$ 2,026,961</b>
Purchased Power	1,353,874
Repairs & Maintenance	116,465
Outside Services	10, <b>056,</b> 617
Water Testing	103,392
Rents	101,594
Insurance	44,168
Sludge Removal	286,429
Wastewater Treatment	147,196
Water Treatment	16,189
Miscellaneous Operating Expense	561 <b>,358</b>
Depreciation and Amortization	2,661, <b>79</b> 6
Taxes Other Than Income	14,149
Property Taxes	628,567
Total Operating Expenses	\$ <u>18,118,755</u>
Net Operating Income	\$ <u>4,947,953</u>
Other Income (Expenses)	
Interest Income	\$ 701,961
Interest Expense	(79,704)
Total Other Income (Expenses)	\$ 622,257
Net Income	\$ <u>5,570,210</u>

The estimated numbers or customers to be served in each of the first five years of water utility service to the area covered by this Application are as follows:

### **Residential:**

Year 2011	0
Year 2012	100
Year 2013	300
Year 2014	550
Year 2015	900

The projected annual water consumption, in gallons, for each of the customer classes in the new area for each of the next five years:

### Residential Water Usage:

in Gallons	
1st Year	0
2nd Year	4,724,850
3rd Year	18,899,400
4th Year	40,161,225
5th Year	68,510,325

Applicant's estimated annual operating revenue and operating expenses for each of the first five years of operation in the new area covered by this Application are as follows:

### <u>Water</u>

Operating Revenue		Operating Expe	nses
1st Year	\$0	1st Year	\$0
2nd Year	\$27,000	2nd Year	\$21,600
3rd Year	\$108,000	3rd Year	\$86,400
4th Year	\$229,500	4th Year	\$183,600
5th Year	\$391,500	5th Year	\$313,200
	• •		

### **Wastewater**

Operating Revenue		Operating Expenses	
1st Year	\$0	1st Year	\$0
2nd Year	\$23,100	2nd Year	\$18,480
3rd Year	\$92,400	3rd Year	\$73,920
4th Year	\$196,350	4th Year	\$157,080
5th Year	\$334,950	5th Year	\$267,960

## **WATER USE DATA SHEET**

NAME OF COMPANY	
	JOHNSON UTILITIES, L.L.C.
ADEQ Public Water System No.	11-128

12 Months)	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	
January, 2008	18,191	135,014	
February, 2008	18,006	112,343	
March, 2008	18,063	111,317	
April, 2008	18,275	174,815	
May, 2008	18,242	234,586	
June, 2008	18,268	245,853	
July, 2008	18,353	279	,620
August, 2008	18,235	256	,921
September, 2008	18,406	246	,765
October, 2008	18,251	241	,523
November, 2008	17,902	192	,651
December, 2008	18,306	156	,501
STORAGE TANK	NUMBER OF	ARIZONA DEPT. OF	WELL PRODUCTION
CAPACITY	EACH	WATER RESOURCES	(Gallons per Minute)
(GALLONS)	4	WELL I.D. NUMBER	
1,000,000	4	55-558445	500
500,000	4	55-559843	500
100,000	1	55-586189	35
50,000	3	55-582085	110
		55-582087	110
		55-582088	110
		55-621462	1000
		55-599026	1000
		55-201429	1100
		55-598836	700
		55-209384	1000
		55-570372	360
		55-594071	360
		55-571198	360
		55-212850	290
Other Water Sources	in Gallons Par N	linuto	None
Fire Hydrants on Syst		muc	YES
		(Gallons in Thousands)	2,431,026



## OFFICIAL RECORDS OF PINAL COUNTY RECORDER

KATHLEEN C. FELIX

DATE: 12/08/98

TIME: 1636

FEE :

Ø.ØØ

PAGES:

FEE NO: 1998-050223

### Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on Johnson Utilities L.L.C., see document number 1995-033065 in the Office of the Pinal County Recorder (hereinafter "Original Franchise").

WHEREAS, Johnson Utilities L.L.C., a(n) Arizona corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Original Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10:00 A.M. on November 4, 1998, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 11:30 A.M. on November 4, 1998; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on October 15, 1998, October 22, 1998, and October 29, 1998; and the matter being called for hearing at 11:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Second Amended Johnson Utility Water and Sewer Franchise

### NOW, THEREFORE,

### Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Original Franchise shall have the following meanings:

A. County: Pinal County, Arizona

B. Board: Board of Supervisors of Pinal County, Arizona.

C. Grantor: Pinal County, by and through its Board of Supervisors

D. Grantee: Johnson Utilities L.L.C., a(n) Arizona corporation, its successors and assigns

E. Grantee's Facilities: water and sewer lines and related appurtenances

### Section 2: GRANT

Grantor, on November 4, 1998, hereby grants to Grantee, for a period of time not to exceed the Original Franchise, this expanded and amended franchise (hereinafter "Second Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Original Franchise (hereinafter "Franchise Area").

### Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Second Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Second Amended Franchise is accepted by County. This Second Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

### Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Second Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Second Amended Franchise accepts the validity of the terms and conditions of the Second Amended Franchise in their entirety and agrees it

Second Amended Johnson Utility Water and Sewer Franchise will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Second Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

- B. Grantee by accepting the Second Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Second Amended Franchise not expressed therein. Grantee by its acceptance of the Second Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Second Amended Franchise.
- C. Grantee by its acceptance of the Second Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Second Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.
- D. In case of conflict or ambiguity between the Second Amended Franchise and the Original Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.
- E. The Board's decision concerning its selection and awarding of the Second Amended Franchise shall be final.

### Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Second Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Second Amended Franchise, all of which will remain in full force and effect for the term of the Second Amended Franchise or any renewal or renewals thereof.

### Section 6: NOTICE

Notices required under the Second Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

### Grantor:

Clerk of the Pinal County Board of Supervisors P.O. Box 827 31 N. Pinal Florence, Arizona 85232

#### Grantee:

Johnson Utilities L.L.C. 5320 E. Shea Blvd. Scottsdale, Arizona 85254

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on November 4, 1998.

PINAL COUNTY BOARD OF SUPERVISORS

Sandie Smith, Chairman 1149

ATTEST

Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON PINAL COUNTY ATTORNEY

Eric L. Walberg, Deputy County Attorney

## JOHNSON UTILITIES FRANCHISE EXTENSION APPLICATION

All areas within the following described Sections not previously franchised to the Applicant:

Sections 35 and 36, all in Township 3 South Range 7 East

- Sections 13 through 36, all in Township 3 South Range 8 East
- Sections 16 through 21 and 28 through 33, all in Township 3 South Range 9 East
   Sections 1 through 4, 10 through 14 and 23 through 26, all in Township 4 South
   Range 8 East

Sections 4 through 9, all in Township 4 South Range 9 East

#### Exhibit B

### SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., a(n) Arizona corporation, does hereby accept the \_\_\_\_\_\_ grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintainwater and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Second Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Second Amended Franchise recited to have been or to be made by Grantee.

attycivl\franchise\19981799 E&A Franchise Final



KATHLEEN C. FELIX

nail to:

ard of Supervisors

ia 85232

DATE: 12/08/98 TIME: 1636

FEE: Ø.ØØ

PAGES: 2

FEE NO: 1998-050224

(The above space reserved for recording information)

## **CAPTION HEADING**

Acceptance of Expanded and Amended Franchise

#### ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

My Commission Expires:

Grantee, Johnson Utilities L.L.C., a(n) Arizona corporation, does hereby accept the November 4, 1998 grant of an Second Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Second Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Second Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Second Amended Franchise are correct, and

OFFICIAL SEAL
CHRISTINE M. DERMODY
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires June 9, 2002

WIC

When recorded mail to:

Pinal County Board of Supervisors P.O. Box 827 Florence, Arizona 85232



OFFICIAL RECORDS OF PINAL COUNTY RECORDER LAURA DEAN-LYTLE

DATE: 11/30/99

TIME: 1314

FEE: Ø.9

PAGES: 13

FEE NO: 1999-053478

(The above space reserved for recording information)

## **CAPTION HEADING**

Expansion and Amendment of Johnson Utilities Company

## Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), and November 4, 1998 (1998-050223), (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exihibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10: 00 A.M. on November 17, 1999, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 10:00 A.M. on November 17, 1999; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on October 20, 1999, October 27, 1999, and November 3, 1999; and the matter being called for hearing at 10:00 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Fourth Amended Johnson Utility Water and Sewer Franchise

## NOW, THEREFORE,

#### Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

A. County: Pinal County, Arizona

B. Board: Board of Supervisors of Pinal County, Arizona.

C. Grantor: Pinal County, by and through its Board of Supervisors

D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its

successors and assigns

E. Grantee's Facilities: water and sewer lines and related appurtenances

#### Section 2: GRANT

Grantor, on November 17, 1999, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Fourth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

## Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Fourth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Fourth Amended Franchise is accepted by County. This Fourth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

### Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Fourth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Fourth Amended Franchise accepts the

Fourth Amended Johnson Utility Water and Sewer Franchise validity of the terms and conditions of the Fourth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Fourth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

- B. Grantee by accepting the Fourth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Fourth Amended Franchise not expressed therein. Grantee by its acceptance of the Fourth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Fourth Amended Franchise.
- C. Grantee by its acceptance of the Fourth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Fourth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.
- D. In case of conflict or ambiguity between the Fourth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.
- E. The Board's decision concerning its selection and awarding of the Fourth Amended Franchise shall be final.

### Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Fourth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Fourth Amended Franchise, all of which will remain in full force and effect for the term of the Fourth Amended Franchise or any renewal or renewals thereof.

## Section 6: NOTICE

Notices required under the Fourth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

#### Grantor:

Clerk of the Pinal County Board of Supervisors P.O. Box 827 31 N. Pinal Florence, Arizona 85232

Fourth Amended Johnson Utility Water and Sewer Franchise

### Grantee:

Johnson Utilities L.L.C. 5320 E. Shea Blvd. Scottsdale, Arizona 85254

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on November 17, 1999.

PINAL COUNTY BOARD OF SUPERVISORS

Lionel D. Ruiz, Chairman

ATTEST:

Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON PINAL COUNTY ATTORNEY

Eric L. Walberg, Deputy County Attorney

51030-00000.139

JOHNSON UTILITIES FRANCHISE EXTENSION APPLICATION

All areas within the following described Sections not previously franchised to the Applicant:

Sections 1 through 34, all in Township 3 South, Range 7 East, and

Sections 5, 6, 7 and 8, all in Township 3 South, Range 8 East, G&SRB&M, Pinal County, Arizona

ATTACHMENT H

### Exhibit B

## SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the \_\_\_\_\_\_ grant of an Fourth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintainwater and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Fourth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Fourth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Fourth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Fourth Amended Franchise recited to have been or to be made by Grantee.

attycivl\franchise\19981799 E&A Franchise Final

## Exhibit C Page 1 of 5:

OCT 5 1999

1	Richard L. Sallquist (002677)
2	Sallquist & Drummond, P.C.  2525 E. Arizona Biltmore Circle, Suite 117
3	Phoenix, Arizona 85016 (602) 224-9222
· ·	(002) 224-9222
4	BEFORE THE BOARD OF SUPERVISORS
5	OF
6	COUNTY OF PINAL, STATE OF ARIZONA
7	IN THE MATTER OF THE )
8	APPLICATION OF JOHNSON ) UTILITIES, L.L.C., dba JOHNSON ) APPLICATION FOR
9	UTILITIES COMPANY, TO OBTAIN A ) EXTENSION OF PUBLIC UTILITY WATER AND WASTEWATER ) FRANCHISE
10	FRANCHISE.
11	TO THE HONORABLE BOARD OF SUPERVISORS:
12	COMES NOW the above-named Applicant and petitions the PINAL COUNTY BOARD
13	OF SUPERVISORS as follows:
14	1. Petitioner, JOHNSON UTILITIES L.L.C. dba JOHNSON UTILITIES COMPANY
15	(Johnson), is an Arizona limited liability company with its principal place of business in the
16	County of Pinal, State of Arizona. The current address of Johnson is 5230 E. Shea Blvd.,
17	Scottsdale, Arizona 85254.
18	2. On October 12, 1995, the Pinal County Board of Supervisors (the "Board") granted a
19	water and sewer franchise to Johnson, a copy of which is attached hereto as Exhibit A and
20	incorporated herein for all purposes.
21	3. On July 30, 1997 the Board granted an extension to said franchises to Johnson, a copy
22	of which is attached hereto as Exhibit B and incorporated herein for all purposes.

51030-00000.424

- 4. On May 20, 1998 the Board granted a further expansion of its franchise to Johnson, a copy of which is attached hereto as Exhibit C and incorporated herein for all purposes.
- 5. On November 4, 1998, the Board granted a further expansion to Johnson, a copy which is attached hereto as Exhibit D and incorporated herein for all purposes.
- 6. On May 27, 1997 and August 7, 1998, the Arizona Corporation Commission (the "Commission") in Decision Nos. 60223 and 61069, respectively, did grant Certificates of Public Convenience and Necessity to exercise the functions of a public utility to provide water and wastewater service to persons living within the area described in those Decisions, copies of which is attached hereto as Exhibit E and incorporated herein for all purposes.
- 7. Johnson has been requested by additional property owners to include their properties within its service area. Based upon their requests, Johnson has an Application pending before the Commission, which matter was heard on September 30, 1999, with an affirmative decision expected on October 26, 1999. The area of the existing and proposed certificated area is set forth on Exhibit F and incorporated herein for all purposes.
- 8. To interconnect the parcels within which utility service will be provided, and to serve the extended certificated area, the Company needs the Board's approval of a Public Utility Franchise for the additional area depicted on Exhibit G hereto, which is incorporated herein for all purposes. That Exhibit also identifies the major developments within the area. The legal description of the requested area is set forth on Exhibit H hereto, which is incorporated herein for all purposes.
- 9. The Company proposes a "blanket" franchise to cover all areas to be served, as well as adjacent areas. This will lessen the administrative burden on the Company and the Board by assuring full coverage of the many alternative routes which utility lines may take, and to 51030-00000.424

## Exhibit C Page 3 of 5

accommodate future additional requests the Company anticipates for service in areas not presently certificated to the Company.

- 10. If granted the extended franchise for this territory, Johnson proposes to engage in and carry on the business of a water and wastewater company.
- 11. Johnson is financially able to undertake installation of said services and provide water and wastewater service within the said territory for which this franchise is requested.
- 12. The Board may impose such restrictions and limitations upon the public roads as it deems best for the public safety or welfare.
  - 13. Johnson submits herewith the required \$200.00 filing fee with this Application.
- 14. By reason of the facts already stated herein and because of the fact that no adequate and safe supply of water and no wastewater collection, treatment and disposal system are now available to persons now living, or who may live, within the said territory hereinbefore described, and because of the further fact that water and wastewater service promptly supplied to waiting customers and prospective applicants will do much to develop and improve the area described, and to increase the population of the communities within which services are supplied, Johnson respectfully petitions the Board to grant this Application for a right and franchise from the County of Pinal, State of Arizona, to construct, maintain and operate their pipelines and appurtenances for a water and wastewater system in, over, under, across and upon the County owned Rights-of-Way for a period twenty-five (25) years.
- 15. Johnson requests that public Notice be given in a newspaper of general circulation published within the County of Pinal, as may be required by law, prior to the date set for the consideration by the Board of Supervisors of its intention to grant said Franchise application.

# Exhibit C Page 4 of 5

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1	16. All correspondence regarding this Application should be addressed to:
2	George H. Johnson, Managing Member Johnson Utilities, L.L.C.
3	5230 E. Shea Blvd. Scottsdale, Arizona 85254
4	with a copy to:
5	Richard L. Sallquist
6	Sallquist & Drummond, P.C. 2525 E. Arizona Biltmore Circle
7	Suite 117 Phoenix, Arizona 85016
8	Respectfully submitted this day of October, 1999.
9	SALLQUIST & DRUMMOND, P.C.
10	
11	By
12	2525 E. Arizona Biltmore Circle, Suite 117 Phoenix, Arizona 85016
13	Attorneys for Johnson Utilities L.L.C., dba Johnson Utilities Company
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## Exhibit C Page 5 of 5

	- [ ]					
1	LIST OF EXHIBITS					
2	Α.	PINAL COUNTY FRANCHISE, DATED OCTOBER 12, 1995				
3	В.	PINAL COUNTY FRANCHISE, DATED JULY 30, 1997				
4.	C.	PINAL COUNTY FRANCHISE, DATED MAY 20, 1998				
5	D.	PINAL COUNTY FRANCHISE, DATED NOVEMBER 4,1998				
6	E.	ARIZONA CORPORATION COMMISSION DECISION NOS. 60223 & 61069				
7	F.	EXISTING AND PROPOSED CERTIFICATED AREA MAP				
8	G.	REQUESTED FRANCHISE AREA MAP				
H. LEGAL DESCRIPTION OF REQUESTED EXTENSION OF FRANC						
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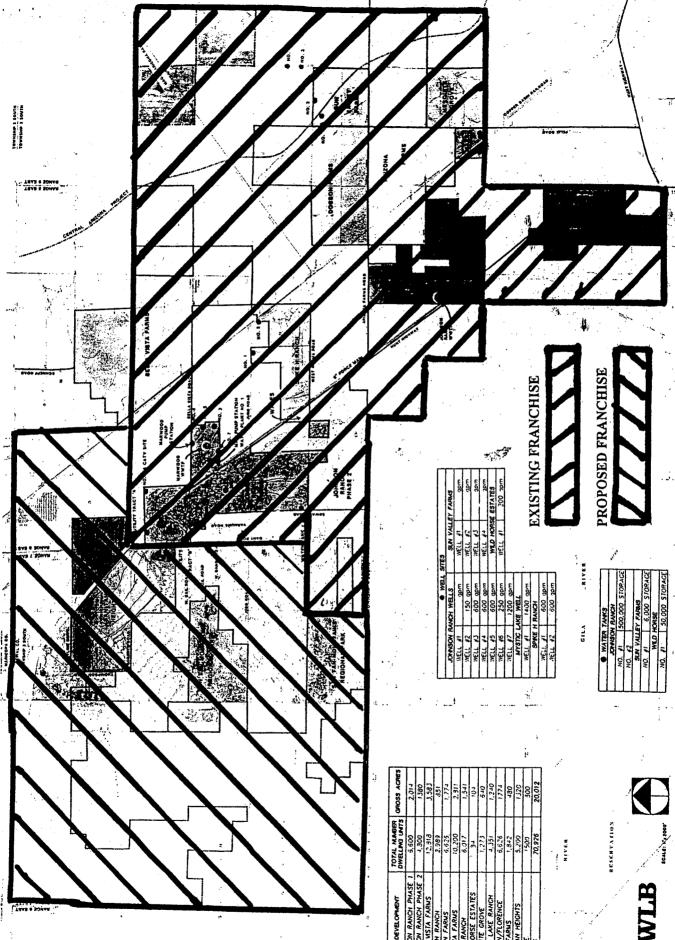


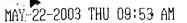
EXHIBIT D

## AGENDA FORM FOR PINAL COUNTY BOARD of SUPERVISORS

Budgeted: N/A
Generates Revenue for County: No
Revenue Generated: N/A
Uses County Funds: No
Source of Funds: N/A
Cost to County: N/A
Reduces/Contains: N/A
Expenditure Reduced:/Contained: N/A

Competitive negotiations (PC1-347 D1) N/A
Two step competitive negotiation (PC1-347 D2) N/A
Review of Qualifications (PC1-347D3) N/A
Multi step sealed bidding (PC1-326) N/A
Intergovernmental Agreement (PC1-1003) N/A
Competitive sealed proposals RFP (PC1-329) N/A
Expenditures for County: Other (PC1-\_\_\_\_\_) N/A

1.	REQUESTED BY: Fund No: 10 Dept No: 1039 Dept. Name: S	pecial Services Director:	Gary Medina				
2.	<ol> <li>BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION: <u>Agenda Item for November 17, 1999</u>         10:00 a.m. PUBLIC HEARING to consider the petition from Johnson Utilities Company for an expansion of its water and sewer utility franchise.     </li> </ol>						
3.	MOTION: It is moved that the Pinal County Board of Supervisors  SUGGESTED MOTION: Approve the Fourth Amended Johnson Utility Water and Sewer Franchise expansion/amendment document as presented.						
4.	DEPARTMENT:  Say J. medine 10/25/99  on recommended by Date	7. DEPUTY COUNTY MANAGE  Approve Disage	Prove				
5.	GRANTS AND CONTRACTS ADMINISTRATOR:  Date  Disapprove	8. PURCHASING DEPARTMEN	Date				
6.	county attorney's OFFICE: Eng P. W. A. M. 10-26-99	9. FINANCE OFFICE:					
X	Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.	Approve Disa	Date pprove				
10.	Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal	Approve Disa					
10.	Approved as to form and within the powers and authority granted under the laws of the State of Arizona to the Pinal County Board of Supervisors.  COUNTY MANAGER:	Approve Disa	pprove				



FAX NO.



OFFICIAL RECORDS OF SOME PINAL COUNTY RECORDER

NAL COUNTY RECORDER LAURA DEAN-LYTLE 5 Th Am

DATE: Ø8/Ø4

TIME: 1602

FEE : PAGES:

Ø.

FEE NO: 2000-032663

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), and November 17, 1999 (1999-053478) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 10:00 A.M. on August 2, 2000, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 10:00 A.M. on August 2, 2000; and it appearing from the affidavit of the publisher of the Casa Grande Valley Newspaper that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wir: in the issues of the Florence Reminder and Blade-Tribune published on July 13, July 20, and July 27, 2000; and the matter being called for hearing at 10:00 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Fifth Amended Johnson Utility Water and Sewer Franchise

### NOW, THEREFORE,

#### Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

A. County: Pinal County, Arizona

B. Board: Board of Supervisors of Pinal County, Arizona.

C. Grantor: Pinal County, by and through its Board of Supervisors

D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its

successors and assigns

E. Granteo's Facilities: water and sewer lines and related appurrenances

#### Section 2: GRANT

Grantor, on August 2, 2000, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Fifth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

### Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Fifth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Fifth Amended Franchise is accepted by County. This Fifth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

## Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Fifth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Fifth Amended Franchise accepts the validity of the terms and conditions of the Fifth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Fifth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

Fifth Amended Johnson Utility Water and Sewer Franchise

- B. Grantee by accepting the Fifth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Fifth Amended Franchise not expressed therein. Grantee by its acceptance of the Fifth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Fifth Amended Franchise.
- C. Grantee by its acceptance of the Fifth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Fifth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.
- D. In case of conflict or ambiguity between the Fifth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.
- E. The Board's decision concerning its selection and awarding of the Fifth Amended Franchise shall be final.

#### Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Fifth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Fifth Amended Franchise, all of which will remain in full force and effect for the term of the Fifth Amended Franchise or any renewal or renewals thereof.

#### Section 6: NOTICE

Notices required under the Fifth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

#### Grantor:

Clerk of the Pinal County Board of Supervisors P.O. Box 827 31 N. Pinal Florence, Arizona 85232

#### Grantee:

Johnson Utilities L.L.C. 5320 E. Shea Blvd. Scottsdale, Arizona 85254

Fifth Amended
Johnson Utility Water and Sewer Franchise

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on August 2, 2000.

PINAL COUNTY BOARD OF SUPERVISORS

Lionel D. Ruiz, Chairman

ATTEST

Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON, PINAL COUNTY ATTORNEY

William H. McLean

Chief Civil Deputy County Attorney

## Requested Utility Franchise Expansion

- Sections 19-36, Township 2 South, Range 8 East
- Sections 34, 35 & 36, Township 4 South, Range 8 East
- Section 3, Township 5 South, Range 8 East
- Sections 7, 8 & 9, Township 3 South, Range 9 East
- East One-half of Sections 15, 22 and 27, Township 4 South, Range 8 East

All G&SRB&M, Pinal County, Arizona

#### Exhibit B

## SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the grant of a Fifth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Fifth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Fifth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Fifth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Fifth Amended Franchise recited to have been or to be made by Grantee.

attyciv/\franchise\Johnson Utility Fifth E&A Franchise Final

My Commission

MARICOPA COUNTY

WY COMM. Explices June 15, 2002

## ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the August 2, 2000 grant of a Fifth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Fifth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Fifth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Fifth Amended Franchise are correct, and

Nodary Public

6th Amer



OFFICIAL RECORDS OF PINAL COUNTY RECORDER LAURA DEAN-LYTLE

DATE: 01/17/01

TIME: 1188

FEE : PAGES: 8.66

FEE NO: 2001-002045

Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), November 17, 1999 (1999-053478), and August 2, 2000 (2000-032663) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 A.M. on December 13, 2000, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 A.M. on December 13, 2000; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on November 22, November 30, and December 7, 2000; and the matter being called for hearing at 9:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

Sixth Amended

Johnson Utility Water and Sewer Franchise

### NOW, THEREFORE,

#### Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

A. County:

Pinal County, Arizona

B. Board:

Board of Supervisors of Pinal County, Arizona.

C. Grantor:

Pinal County, by and through its Board of Supervisors

D. Grantec:

Johnson Utilities L.L.C., an Arizona limited liability corporation, its

successors and assigns

E. Grantee's Facilities: water and sewer lines and related appurtenances

#### Section 2: GRANT

Grantor, on December 13, 2000, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Sixth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

## Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Sixth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Sixth Amended Franchise is accepted by County. This Sixth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

### Section 4: LIMITS ON GRANTEE'S RECOURSE

A. Grantee by its acceptance of the Sixth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Sixth Amended Franchise accepts the validity of the terms and conditions of the Sixth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Sixth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.

Sixth Amended
Johnson Utility Water and Sewer Franchise

- B. Grantee by accepting the Sixth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Sixth Amended Franchise not expressed therein. Grantee by its acceptance of the Sixth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Sixth Amended Franchise.
- C. Grantee by its acceptance of the Sixth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Sixth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.
- D. In case of conflict or ambiguity between the Sixth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.
- E. The Board's decision concerning its selection and awarding of the Sixth Amended Franchise shall be final.

#### Section 5: SEVERABILITY

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Sixth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Sixth Amended Franchise, all of which will remain in full force and effect for the term of the Sixth Amended Franchise or any renewal or renewals thereof.

#### Section 6: NOTICE

Notices required under the Sixth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

#### Grantor:

Clerk of the Pinal County Board of Supervisors P.O. Box 827 31 N. Pinal Florence, Arizona 85232

#### Grantee:

Johnson Utilities L.L.C. 5320 E. Shea Blvd. Scottsdale, Arizona 85254

Sixth Amended Johnson Utility Water and Sewer Franchise The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on December 13, 2000.

PINAL COUNTY BOARD OF SUPERVISORS

Lionel D. Ruiz, Chairman 12-13-00

ATTEST

Stanley D. Griffis, Ph.D., Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER CASON.
PINAL COUNTY ATTORNEY

Wilham H. McLean

Chief Civil Deputy County Attorney

### Exhibit A Page 1 of 2

## Requested Utility Franchise Expansion Johnson Utilities Company

Property located in Sections 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 31 and 32. Township 4 South, Range 9 East, G. & S.R.M., Pinal County, Arizona, being more particularly described as follows:

That portion of the South half of Section 14 lying South and West of the Central Arizona Cunal; That portion of Section 15 lying South and West of the Central Arizona Canal;

All of Section 16;

All of Section 17;

All of Section 18;

All of Section 19;

All of Section 20:

All of Section 21;

All of Section 22;

The West half of Section 23:

The North half of Section 30;

The North half of the South half of Section 30:

The South half of the Southeast quarter of Section 30;

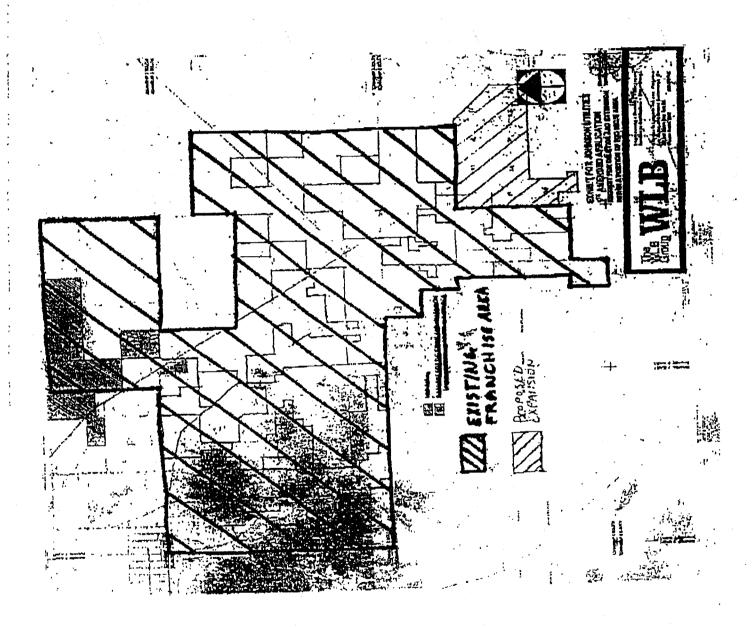
The North half of the Northeast quarter of Section 31;

And

The Northwest quarter of the Northwest quarter of Section 32;

All in Township 4 South, Range 9 East, G. & S.R.M., Final County, Arizona

Exhibit A Page 2 of 2



#### Exhibit B

#### SAMPLE ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the grant of a Sixth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Sixth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Sixth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Sixth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Sixth Amended Franchise recited to have been or to be made by Grantee.

anycivMmnchiseUohnan Utility Sixib E&A Franchise Final

### ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the December 13, 2000, grant of a Sixth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Sixth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Sixth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Sixth Amended Franchise are correct, and Grantee declares it has made and does make the agreement statements and admissions in said Sixth Amended Franchise recited to have been or to be made by Grantee.

Dated this 3rd day of Charley, 2001.

By:

Title: Manage L.C.

By:

Title: Manage L.C.

By:

The foregoing instrument was acknowledged before one this composite to day of Commission Express.

Of Low South Manage L.C., an Arizona limited liability corporation, and being authorized to do so, examined the foregoing instrument on behalf of the corporation for the purposes therein stated.

My Commission Express:

My Commission Express:

My Commission Express:

9th Homena



## OFFICIAL RECORDS OF PINAL COUNTY RECORDER LAURA DEAN-LYTLE

 $(\Omega)$ 

When recorded mail to:

Clerk of the Board Office P.O. Box 827 Florence, Arizona 85232 DATE/TIME: 04/03/06 1534 \$0.00

FEE:

PAGES: 7
FEE NUMBER: 2006-047531

(The above space reserved for recording information)

## **CAPTION HEADING**

Johnson Utilities L.L.C. - expansion of it's water and sewer utility franchise. Last Recorded Fee Number: 2001-028018.

## Expansion and Amendment Of The Johnson Utility Water and Sewer Franchise

WHEREAS, Johnson Utilities L.L.C. had received a water and sewer franchise from Pinal County to establish and maintain water and sewer services on October 12, 1995 (1995-033065), amended on July 9, 1997 (1997-030624), May 20, 1998 (1998-031193), November 4, 1998 (1998-050223), November 17, 1999 (1999-053478), August 2, 2000 (2000-032663), December 13, 2000 (2001-002045), May 30, 2001 (2001-024621), June 20, 2001 (2001-028018) (hereinafter "Existing Franchise").

WHEREAS, Johnson Utilities L.L.C., an Arizona limited liability corporation, duly authorized to conduct business in the State of Arizona, has duly filed and presented to the Board of Supervisors of the County of Pinal, State of Arizona, its application for expansion of the Existing Franchise for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across the public streets, alleys and highways, except federal and state highways, within the unincorporated area of Pinal County, Arizona, as described in Exhibit "A" attached hereto (hereinafter "Expansion").

WHEREAS, upon filing of Johnson Utilities L.L.C.'s application for the Expansion, a copy of which is attached hereto as Exhibit "C" without its exhibits, the Board of Supervisors of Pinal County ordered a public notice of its intent to consider the granting of the Expansion to be published in a newspaper of general circulation, in Pinal County, Arizona, stating the time and place for consideration of the Expansion was set for 9:30 A.M. on March 15, 2006, at the Pinal County Board of Supervisors' Hearing Room, Administration Building No. 1, Florence, Arizona.

WHEREAS, said application for the Expansion and Amendment having come on regularly for hearing at 9:30 A.M. on March 15, 2006; and it appearing from the affidavit of the publisher of the Florence Reminder & Blade Tribune that due and regular notice of said time and place set for the consideration of such action has been published for at least once a week for three consecutive weeks prior to said hearing date, to-wit: in the issues of the Florence Reminder and Blade-Tribune published on February 16, 2006, February 23, 2006 and March 2, 2006; and the matter being called for hearing at 9:30 A.M., and an opportunity having been given to all interested parties to be heard.

WHEREAS, the Board of Supervisors of Pinal County has the power to amend an existing franchise under its general police powers in such matters.

# NOW, THEREFORE,

# Section 1: DEFINITIONS

The following terms used in this expansion and amendment of the Existing Franchise shall have the following meanings:

A. County: Pinal County, Arizona

B. Board: Board of Supervisors of Pinal County, Arizona.

C. Grantor: Pinal County, by and through its Board of Supervisors

D. Grantee: Johnson Utilities L.L.C., an Arizona limited liability corporation, its

successors and assigns

E. Grantee's Facilities: water and sewer lines and related appurtenances

## Section 2: GRANT

Grantor, on March 15, 2006, hereby grants to Grantee, for a period of time not to exceed the Existing Franchise, this expanded and amended franchise (hereinafter "Ninth Amended Franchise") for the purpose of constructing, operating and maintaining water and sewer lines and related appurtenances along, under and across public streets, alleys and highways, except federal and state highways, under the terms and conditions set forth herein within the unincorporated area of Pinal County, Arizona, as described in the Expansion and the Existing Franchise (hereinafter "Franchise Area").

## Section 3: ACCEPTANCE BY GRANTEE / EFFECTIVE DATE FRANCHISE

The Ninth Amended Franchise shall be accepted by Grantee by written instrument in the form attached hereto as Exhibit "B" (hereinafter "Acceptance"), executed and acknowledged by it as a deed is required to be, and filed with the Clerk of the Pinal County Board of Supervisors within thirty days after the date this Sixth Amended Franchise is accepted by County. This Ninth Amended Franchise shall be effective upon delivery of the Acceptance to the Clerk of the Pinal County Board of Supervisors in the form required and within the time specified above.

# Section 4: LIMITS ON GRANTEE'S RECOURSE

- A. Grantee by its acceptance of the Ninth Amended Franchise acknowledges such acceptance relies upon grantee's own investigation and understanding of the power and authority of the County to grant said franchise. Grantee by its acceptance of the Ninth Amended Franchise accepts the validity of the terms and conditions of the Ninth Amended Franchise in their entirety and agrees it will not, at any time, proceed against County in any claim or proceeding challenging any term or provision of the Ninth Amended Franchise as unreasonable, arbitrary or void, or that County did not have the authority to impose such term or condition.
- B. Grantee by accepting the Ninth Amended Franchise acknowledges that it has not been induced to accept the same by any promise, verbal or written, by or on behalf of County or by any third person regarding any term or condition of the Ninth Amended Franchise not expressed therein. Grantee by its acceptance of the Ninth Amended Franchise further pledges that no promise or inducement, oral or written, has been made to any employee or official of County regarding receipt of the Ninth Amended Franchise.
- C. Grantee by its acceptance of the Ninth Amended Franchise further acknowledges that it has carefully read the terms and conditions of the Ninth Amended Franchise and accepts without reservation the obligations imposed by the terms and conditions herein.
- D. In case of conflict or ambiguity between the Ninth Amended Franchise and the Existing Franchise, the provision which provides the greatest benefit to County, as determined solely by County, shall prevail.
- E. The Board's decision concerning its selection and awarding of the Ninth Amended Franchise shall be final.

## **Section 5: SEVERABILITY**

If any section, provision, term or covenant or any portion of any section, provision, term or covenant of the Ninth Amended Franchise is determined to be illegal, invalid or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory agency having jurisdiction thereof, such determination shall have no effect on any remaining portion of such section, provision, term or covenant or the remaining sections, provisions, terms or covenants of the Ninth Amended Franchise, all of which will remain in full force and effect for the term of the Ninth Amended Franchise or any renewal or renewals thereof.

## Section 6: NOTICE

Notices required under the Ninth Amended Franchise shall be delivered or sent by certified mail, postage prepaid to:

# Grantor:

Clerk of the Pinal County Board of Supervisors P.O. Box 827 31 N. Pinal Florence, Arizona 85232

# Grantee:

Johnson Utilities, L.L.C. 5320 E. Shea Blvd. Scottsdale, Arizona 85254

The delivery or mailing of such notice shall be equivalent to direct personal notice and shall be deemed to have been given at the time of delivery. Either party may change its address under this section by written notice to the other party.

IN WITNESS WHEREOF, the Board of Supervisors of Pinal County, Arizona, by its Chairman and its Clerk, thereunto duly authorized, has hereunto set its hand and cause its official seal to be affixed on March 15, 2006.

PINAL COUNTY BOARD OF SUPERVISORS

Sandy Smith, Chairman

SANDIE

ATTEST:

Sheri Cluff, Deputy Clerk of the Board

APPROVED AS TO FORM:

ROBERT CARTER OLSON PINAL COUNTY ATTORNEY

Rick V. Husk

Deputy County Attorney

Ninth Amended Johnson Utility Water and Sewer Franchise

# Exhibit A

# LEGAL DESCRIPTION OF REQUESTED FRANCHISE AREA

All of Sections 3, 4, 10, 15, 22, 23, 26, 27, 34 and 35, Township 3 South, Range 9 East, G&SRB&M, Pinal County, Arizona.

All of Sections 2, 3, 10, and 11, Township 4 South, Range 9 East, G&SRB&M, Pinal County, Arizona.

#### Exhibit B

# ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the March 15, 2006 grant of a Ninth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Ninth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Ninth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Ninth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Ninth Amended Franchise recited to have been or to be made by Grantee.

Dated thisday	of, 2006.		
•	•	Johnson Utilities, L.I	C.
		Ву:	
	•	Title:	
STATE OF ARIZONA	)		
County of	) ss. )		
	ument was acknowledged b		
Arizona limited liability co	orporation, and being auth corporation for the purpose	orized to do so, execute	d the foregoing
		Notary Public	
My Commission Expires:			



# OFFICIAL RECORDS OF PINAL COUNTY RECORDER LAURA DEAN-LYTLE

(1)

When recorded mail to:

Clerk of the Board Office P.O. Box 827 Florence, Arizona 85232 DATE/TIME: 04/03/06 1534

FEE:

50.00

PAGES:

2

FEE NUMBER:

2006-047532

(The above space reserved for recording information)

<u>CAPTION HEADING</u>

Acceptance by Johnson Utilities L.L.C. of their expanded water and sewer utility franchise.

# Exhibit B

# ACCEPTANCE OF EXPANDED AND AMENDED FRANCHISE

To: Board of Supervisors Pinal County, Arizona

Grantee, Johnson Utilities L.L.C., an Arizona limited liability corporation, does hereby accept the March 15, 2006 grant of a Ninth Amended Franchise from Pinal County, Arizona, to construct, operate, and maintain water and sewer lines and related fixtures along, under and across present and future public streets, alleys and highways, except state highways, within the unincorporated area of Pinal County, Arizona, as described in the Application, a copy of which is attached to the Ninth Amended Franchise, which is made a part hereof.

Grantee unconditionally accepts the franchise and covenants to faithfully comply with, abide by, to observe and perform all the provisions, terms and conditions of the Ninth Amended Franchise. Grantee accepts such provisions, terms and conditions and expressly waives any and all objections to the reasonableness or legality of any provisions of the same or any part thereof, or as to the legal right or authority of the County of Pinal to impose the same.

Grantee declares that the statements and recitals in said Ninth Amended Franchise are correct, and Grantee declares it has made and does make the agreement, statements and admissions in said Ninth Amended Franchise recited to have been or to be made by Grantee.

Dated this 21<sup>st</sup> day of March, 2006.

Johnson Utilities, L.L.

Title: EXECUTIVE VICE PRESIDENT

STATE OF ARIZONA ) ss. County of  $\underbrace{Manwpa}$ 

CINDY L. GIBSON
Notary Public - Arteona
MARICOPA COUNTY
My Comm. Exp. 12-23-6008

The foregoing instrument was acknowledged before me this 21 day of May (), 2006, by Brian R. Tomps. H., Tarana limited liability corporation, and being authorized to do so, executed the foregoing instrument on behalf of the corporation for the purposes therein stated.

Notary Public

My Commission Expires:

12.23-2008

# **ATTACHMENT 9**

# ARIZONA DEPARTMENT OF WATER RESOURCES

Office of Assured and Adequate Water Supply

3550 North Central Ave., 2<sup>nd</sup> Floor, Phoenix, AZ 85012 Telephone 602 771-8599 Fax 602 771-8689



JANET NAPOLITANO Governor

HERB GUENTHER
Director

January 5, 2009

Brian Tompsett Johnson Utilities, LLC 5230 E. Shea Blvd. Suite 200 Scottsdale, AZ 85254

Re: Designation of Assured Water Supply (DWR No. 86-400665.0001) Johnson Utilities-Phx

Dear Mr. Tompsett:

I am pleased to inform you that the Department of Water Resources has approved the application for a Designation of Assured Water Supply for Johnson Utilities-Phoenix. We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Johnson Utilities-Phoenix's responsibilities in maintaining the Designation.

Johnson Utilities-Phoenix's status as a designated water provider demonstrates that Johnson is taking a long-term perspective in managing water resources. Johnson Utilities-Phoenix's commitment to sound water management represents a major contribution to the State's water management goal of achieving safe-yield in the Phoenix Active Management Area.

If you have any questions regarding these documents, please contact me at (602) 771-8504.

John Schneeman, Manager

Assured and Adequate Water Supply

JFS/rbo

Sincerel

cc: via electronic mail

Ms. Cindy Ferrin, Arizona Department of Real Estate Michael Pearce, Maguire & Pearce J. Scott Miller, Director, Phoenix AMA

# DEPARTMENT OF WATER RESOURCES

#### BEFORE THE DIRECTOR

IN THE MATTER OF THE APPLICATION OF JOHNSON

UTILITIES, LLC FOR A DESIGNATION AS HAVING AN

ASSURED WATER SUPPLY IN THE PHOENIX ACTIVE

MANAGEMENT AREA

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) AWS No. 2009-001 ) DECISION AND ORDER

No. 86-400665.0001

I. INTRODUCTION

On July 9, 2007, the Department of Water Resources ("Department") received an application from Johnson Utilities, LLC dba Johnson Utilities Phoenix ("Johnson-Phoenix") requesting that the Department modify Johnson-Phoenix's designation of assured water supply pursuant to A.R.S. § 45-576 et seq. and A.A.C. R12-15-701 et seq. On December 27, 2007 and January 3, 2008, the Department gave public notice of the application pursuant to A.R.S. § 45-578 and no objections to the application were filed with the Department.

After receiving Johnson-Phoenix's application to modify its designation of assured water supply, the Department reviewed relevant information regarding the modification request, including: 1) hydrologic information on file with the Department; 2) information regarding consistency with the management plan and the management goal of the Phoenix Active Management Area ("AMA"); and 3) information regarding Johnson-Phoenix's financial capability to construct the necessary delivery system, treatment works and storage facilities. Based on that information, the Department makes the following Findings of Fact, Conclusions of Law and Order of Designation and Conditions of Designation:

## II. FINDINGS OF FACT

# A. General

. Johnson-Phoenix is a private water company subject to the jurisdiction of the Arizona Corporation Commission ("ACC").

- 12. As of the date of this Decision and Order, Johnson-Phoenix's current groundwater allowance is 0.00 acre-feet per year, pursuant to A.A.C. R12-15-724(A)(2).
- 13. Pursuant to A.A.C. R12-15-724(A)(4), the Director shall add a volume for incidental recharge to Johnson-Phoenix's groundwater allowance for each calendar year, based on its total water use from any source in the previous calendar year.
- 14. Johnson-Phoenix is a member service area of the Central Arizona Groundwater Replenishment District ("CAGRD"). The August 27, 2007 Member Service Area Agreement between Johnson-Phoenix and the CAGRD ("Agreement") provides that the amount of Excess Groundwater, as defined in the Agreement, delivered by Johnson-Phoenix shall not exceed 18,154 acre-feet per year.
- 15. The Director has made a determination, which has not expired, that the most recent CAGRD Plan of Operation is consistent with achieving the management goal of the Phoenix AMA.
- 16. As of the date of this decision and order, the CAGRD is in compliance with its groundwater replenishment obligation for the Phoenix AMA.
- 17. Johnson-Phoenix has demonstrated that it has constructed wells of sufficient capacity to satisfy a portion of its 2028 annual estimated groundwater demand of 18,154 acre-feet per year for at least 100 years.
- 18. Pursuant to R12-15-717(B), Johnson-Phoenix has demonstrated that it will construct additional wells of sufficient capacity to meet the remainder of its 2028 annual estimated groundwater demand of 18,154 acre-feet per year for at least 100 years.

# D. Consistency with the Management Plan

19. Johnson-Phoenix is currently regulated as a large municipal provider under the Municipal Conservation Program in the Third Management Plan for the Phoenix AMA ("Management Plan"). As of the date the application was filed, Johnson-Phoenix has not been found to be out of compliance with the Management Plan.

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## E. Water Quality

20. Johnson-Phoenix is regulated by the Arizona Department of Environmental Quality as a public water system pursuant to A.R.S. § 49-351, et seq.

# F. Financial Capability

- 21. Johnson-Phoenix has constructed some of the necessary delivery system and storage facilities to satisfy its 2028 annual estimated water demand.
- 22. Pursuant to R12-15-720(C)(4), Johnson-Phoenix has received approval from the ACC for financing the construction of adequate delivery, storage and treatment works.

# III. CONCLUSIONS OF LAW

- Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:
- Johnson-Phoenix has demonstrated that 18,154 acre-feet per year of groundwater will be physically, continuously and legally available for at least 100 years. This volume 18,154 acre-feet per year, is equivalent to the 2028 annual estimated water demand of 18,154 acre-feet per year. See Attachment A to this Decision and Order.
- 2. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Johnson-Phoenix's annual estimated water demand to be met with groundwater is 18,154 acre-feet per year.
- 3. In accordance with A.A.C. R12-15-722, Johnson-Phoenix has demonstrated that its projected use of groundwater is consistent with the management goal of the Phoenix AMA.
- 4. The water supply served by Johnson-Phoenix will be of adequate quality pursuant to A.A.C. R12-15-719.
- In accordance with A.A.C. R12-15-721, Johnson-Phoenix meets the standard established for determining consistency with the Management Plan for the Phoenix AMA.
- 6. Johnson-Phoenix has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.
- 7. Johnson-Phoenix has satisfied all the requirements for a designation of an assured water supply.

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# IV. ORDER OF DESIGNATION AND CONDITIONS OF DESIGNATION

Having reviewed the Findings of Fact and Conclusions of Law, the Department hereby issues this Decision and Order designating Johnson-Phoenix as having an assured water supply, subject to the following conditions:

- 1. The Director reserves the right under A.A.C. R12-15-711(C) to periodically review and modify the designation for good cause as conditions warrant.
- 2. Pursuant to A.A.C. R12-15-711(F), the Director may, at any time revoke this designation if the findings of fact or the conclusions of law upon which the designation is based change or are invalid, or if an assured water supply no longer exists.
- The Director's determination that an assured water supply exists for Johnson-Phoenix is based on its analysis of the water supplies pledged by Johnson-Phoenix.
- Johnson-Phoenix shall submit an application to modify this decision and order designating Johnson-Phoenix as having an assured water supply to increase the term of the designation when the sum of Johnson-Phoenix's current demand, committed demand and two year projected demand exceeds 18,154 acre-feet per year, or by December 31, 2026, whichever is earlier.
- 5. Pursuant to A.A.C. R12-15-719, Johnson-Phoenix shall satisfy any state water quality requirements established for its proposed use after the date of this designation.
- 6. Johnson-Phoenix shall annually provide to the Department the following information for the previous calendar year in the manner prescribed in A.A.C. R12-15-711(A):
  - a. An estimate of the demand of platted, undeveloped lots located in Johnson-Phoenix's service area.
  - b. The projected demand at build-out for customers with which Johnson-Phoenix has entered into a notice of intent to serve agreement in the previous calendar year.
  - c. A report regarding Johnson-Phoenix's compliance with water quality requirements.

Phoenix Active Management Area

# Attachment A Johnson Utilities-Phoenix Modification of Designation Application Water Source and Supply Summary

	Comments			Member service area	See finding #13	Incidental recharge credit of 4% annually.				
File No. 86-400665 0001	Legal Authority		Service Area Dight	#56-002346 0000	0000.01.000.00					
	Capacity		Available well capacity =	12,193.70 af/yr						(2028)
	Approved (af/vr)		18,154.00		0			18,154.00	18,154.00	18,154.00 (2028)
	Source	Groundwater:	Groundwater replenished	by CAGRD	Groundwater Allowance		lbfotal		JTAL PHYSICALLY /AILABLE	OJECTED DEMAND
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# ATTACHMENT 10

# ARIZONA DEPARTMENT OF WATER RESOURCES 2008

# Office of Assured and Adequate Water Supply

3550 North Central Ave., 2<sup>nd</sup> Floor, Phoenix, AZ 85012 Telephone 602 771-8599 Fax 602 771-8689



JANET NAPOLITANO Governor

HERB GUENTHER Director

December 1, 2008

Mr. Brian Tompsett Johnson Utilities, LLC 5320 East Shea Blvd. Scottsdale, Arizona 85254

Re: A Modification to the Designation of Assured Water Supply (DWR No. 86-401382.0001) Johnson Utilities, LLC dba Johnson Utilities Pinal

Dear Mr. Tompsett:

I am pleased to inform you that the Department of Water Resources has approved the application to modify the Designation of Assured Water Supply for Johnson Utilities Pinal. We have enclosed the formal Decision and Order. The Decision and Order includes an itemization of Johnson Utilities Water Company's responsibilities in maintaining the Designation.

Johnson Utilities status as a designated water provider demonstrates that Johnson Utilities- Pinal is taking a long-term perspective in managing water resources. Johnson Utilities commitment to sound water management represents a major contribution to the State's water management goal in the Pinal Active Management Area.

If you have any questions regarding these documents, please contact me at (602) 771-8504.

Sincerely,

John Schneeman, Manager

Assured and Adequate Water Supply

JS/njc

Ms. Cindy Ferrin, Arizona Department of Real Estate cc:

Mr. Michael Pearce, Pearce & Maguire, Attorneys at Law

Mr. Randy Edmond, Area Director, Pinal AMA

# ARIZONA DEPARTMENT OF WATER RESOURCES

Water Management Division

2<sup>nd</sup> Floor, 3550 N. Central Ave., Phoenix, AZ 85012 Telephone (602) 771-8585 Fax (602) 771-8689



November 17, 2008

# VIA CERTIFIED MAIL

Mr. Brian P. Tompsett Johnson Utilities, Pinal 5320 East Shea Blvd Scottsdale, Arizona 85254

RE: Decision and Order No. 86-401382.0001. In the Matter of Johnson Utilities - Pinal Application for a Modification to their Designation as Having an Assured Water Supply AWS No. 2008-001

Dear Mr. Tompsett:

This letter is the Decision of the Director of the Department of Water Resources to grant Johnson Utilities - Pinal a Modification to their Designation of Assured Water Supply, No. 86-401382.0001

The Department's review of the relevant information establishes that all of the requirements for issuance of a Designation of Assured Water Supply set forth in A.R.S. § 45-576 and A.A.C. 12-15-701, et seq., have been met. The Department has received no objections to your application.

This Decision of the Director to grant a Designation of Assured Water Supply is an appealable agency action. I have enclosed a copy of the Final Appealable Draft Decision and Order. The Final Appealable Draft Decision and Order will be the final form of your designation upon issuance.

You are entitled to appeal this decision. If you wish to appeal this action, you must file a written appeal within thirty (30) days from receipt of this letter. I am providing you with a summary of the appeal process and an appeal form, should you elect to pursue this option.

As no objections have been filed regarding your designation application, you may elect to complete and file the enclosed Appealable Agency Action Waiver Form, waiving your right to appeal the Director's Decision, so that your designation can be signed without delay. If the Appealable Agency Action Waiver is not filed, the designation shall be signed and issued at the end of the 30-day appeal period.

Please direct any questions concerning the designation or the appeal process to Mr. John Schneeman, Manager of the Office of Assured and Adequate Water Supply, at (602) 771-8593.

Sincerely,

Sandra Fabritz-Whitney

**Assistant Director** 

SFW:njc

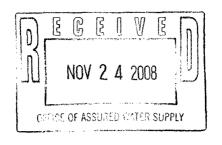
**Enclosures** 

cc: Mr. Michael Pearce, Maguire & Pearce, Attorneys at Law

John Schneeman, Manager, Office of Assured and Adequate Water Supply

Nicole D. Swindle, Legal Division

Randy Edmond, Area Director, Pinal AMA



# **Appealable Agency Action Waiver**

I, Bean P. Toursett, duly authorized by the Applicant for a Designation of Assured Water Supply, assert that the Applicant has reviewed the Final Appealable Draft Decision and Order of Application No. 86-401382.0001 for Johnson Utilities, LLC dba Johnson Utilities Pinal and hereby waives all rights that the Applicant may have pursuant to Arizona Revised Statutes, Title 41, Chapter 6, Article 10, Title 45, Chapter 2, Article 9; and Arizona Administrative Code Title 12, Chapter 15, Article 7, to administrative and judicial appeal, review or hearing concerning the issuance of the above listed Designation, including all limitations and conditions contained therein.

Signature

Date

EXECUTIVE VICE PRESIDENT

Title

# DEPARTMENT OF WATER RESOURCES

MANAGEMENT AREA

#### BEFORE THE DIRECTOR

IN THE MATTER OF THE APPLICATION OF JOHNSON UTILITIES, dba JOHNSON UTILITIES PINAL FOR A MODIFICATION OF DESIGNATION AS HAVING AN ASSURED WATER SUPPLY IN THE PINAL ACTIVE

AWS No. 2008-001

**DECISION AND ORDER** 

No. 86-401382.0001

# I. INTRODUCTION

On June 20, 2007, the Department of Water Resources ("Department") received an application from Johnson Utilities, L.L.C. dba Johnson Utilities Pinal (hereinafter "Johnson-Pinal") requesting a modification of Johnson-Pinal's designation as having an assured water supply pursuant to A.R.S. § 45-576 et seq. and A.A.C. R12-15-701 et seq. On December 14, 2007 and December 21, 2007, the Department gave public notice of the application pursuant to A.R.S. § 45-578. No objections to the application were filed with the Department.

After receiving Johnson-Pinal's application to modify its designation of assured water supply, the Department reviewed relevant information regarding the modification request, including: 1) hydrologic information on file with the Department 2) information regarding Johnson-Pinal's consistency with the management plan and the management goal of the Pinal Active Management Area ("Pinal AMA"); and 3) information regarding Johnson-Pinal's financial capability to construct the necessary delivery system, treatment works and storage facilities. Based on that information, the Department makes the following Findings of Fact, Conclusions of Law and Order of Designation and Conditions of Designation:

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# II. FINDINGS OF FACT

## A. General

- Johnson-Pinal is a private water company subject to the jurisdiction of the Arizona Corporation Commission ("ACC").
- 2. Johnson-Pinal owns a municipal water delivery system in the Pinal AMA.
- Johnson-Pinal provides domestic water service within the territorial boundaries of its certificate of convenience and necessity ("CC&N"), as approved by the ACC.
- 4. Johnson-Pinal currently serves water through its municipal distribution system to its customers within the Pinal AMA.
- 5. On October 14, 2005, Johnson-Pinal was designated as having an assured water supply in Decision and Order AWS 2005-005.

# B. Water Demands

- 6. Johnson-Pinal's current demand as of calendar year 2007 is 496.00 acre-feet per year ("current demand").
- 7. Johnson-Pinal's committed demand as of calendar year 2007 is 285.48 acre-feet per year ("committed demand").
- 8. Johnson-Pinal's projected demand in 2017 is 814 acre-feet per year ("2017 projected demand"). The 2017 projected demand does not include the current demand or the committed demand, but does include the demand at build-out of plats reasonably projected to be approved through calendar year 2017.
- Johnson-Pinal's annual estimated water demand in 2017, which is the sum of its current demand, committed demand, and 2017 projected demand, is 1,595.48 acre-feet per year ("2017 annual estimated water demand").

# C. Groundwater: Physical, Continuous and Legal Availability and Consistency with the Management Goal

- 10. Johnson-Pinal has the right to withdraw and deliver groundwater to its customers pursuant to service area right No. 56-001538.0000.
- 11. As of the date of this Decision and Order, Johnson-Pinal's current groundwater allowance is 205.8 acre feet per year, pursuant to A.A.C. R12-15-725(A)(2)(a).

- 12. Pursuant to A.A.C. R12-15-725(A)(3), the Director shall add a volume for incidental recharge to Johnson-Pinal's groundwater allowance for each calendar year, based upon its total water use from any source in the previous calendar year. Johnson-Pinal's incidental recharge volume for calendar year 2007 is 19.8 acre -feet.
- Johnson-Pinal is a member service area of the Central Arizona Groundwater Replenishment District ("CAGRD"). The August 27, 2007, Member Service Area Agreement between Johnson-Pinal and the CAGRD ("Agreement") provides that the amount of Excess Groundwater, as defined in the Agreement, delivered by Johnson-Pinal shall not exceed 8,232 acre-feet per year, which is greater than to Johnson-Pinal's 2017 annual estimated water demand of 1,595.48 acre-feet per year of groundwater.
- 14. The Director has made a determination, which has not expired, that the most recent CAGRD Plan of Operation is consistent with achieving the management goal of the Pinal AMA.
- 15. As of the date of this decision and order, the CAGRD is in compliance with its groundwater replenishment obligation for the Pinal AMA.
- 16. Johnson-Pinal has demonstrated that withdrawing 1,595.48 acre-feet per year of groundwater fro 100-years is consistent with the management goal of the Pinal AMA.
- 17. Johnson-Pinal has demonstrated that after withdrawing 1,595.48 acre-feet per year of groundwater for 100 years, the depth-to-static water level within Johnson-Pinal's service area is not expected to exceed 1,100 feet below land surface.
- 18. Johnson-Pinal will demonstrate through a Master Utility Agreement for water and wastewater facilities that it has wells of sufficient capacity to satisfy its 2017 annual estimated water demand of 1,595.48 acre-feet per year for at least 100 years.

#### D. Consistency with the Management Plan

19. Johnson-Pinal is currently regulated as a large municipal provider under the Municipal Conservation Program in the Third Management Plan for the Pinal AMA ("Management Plan").

As of the date the application was filed, Johnson-Pinal has not been found to be out of compliance with the Management Plan.

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# E. Water Quality

20. Johnson-Pinal is regulated by the Arizona Department of Environmental Quality as a public water system pursuant to A.R.S. § 49-351, et seq.

# F. Financial Capability

- 21. Johnson-Pinal has constructed some of the necessary delivery system and storage facilities to satisfy its expected water demand.
- 22. Johnson-Pinal has entered into development agreements which require developers to construct additional infrastructure and then transfer the infrastructure to Johnson-Pinal.

# III. CONCLUSIONS OF LAW

Having reviewed the Findings of Fact, the Department makes the following Conclusions of Law:

- Johnson-Pinal has demonstrated that sufficient groundwater will be physically, continuously and legally available to Johnson-Pinal for at least 100 years, to meet its 2017 annual estimated water demand of 1,595.48 acre-feet per year.
- 2. For purposes of A.A.C. R12-15-716(B)(3)(c)(ii), Johnson-Pinal's annual estimated water demand to be met with groundwater is 1,595.48 acre-feet per year.
- 3. In accordance with A.A.C. R12-1-722, Johnson-Pinal has demonstrated that is projected use of groundwater is consistent with the management goal of the Pinal AMA.
- 4. The water supply served by Johnson-Pinal will be of adequate quality pursuant to A.A.C. R12-15-719.
- 5. In accordance with A.A.C. R12-15-721, Johnson-Pinal meets the standard established for determining consistency with the Management Plan for the Pinal AMA.
- 6. Johnson-Pinal has satisfied the financial capability criteria prescribed in A.A.C. R12-15-720.
- 7. Johnson-Pinal has satisfied all the requirements for a designation of an assured water supply.

# IV. ORDER OF DESIGNATION AND CONDITIONS OF DESIGNATION

Having reviewed the Conclusions of Law, the Department hereby issues this Decision and Order designating Johnson-Pinal as having an assured water supply, subject to the following conditions:

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- 1. The Department reserves the right under A.A.C. R12-15-711(C) to periodically review and modify the designation for good cause as conditions warrant.
- 2. Pursuant to A.A.C. R12-15-711(F), the Department may, at any time revoke this designation if the findings of fact or the conclusions of law upon which the designation is based change or are invalid, or if an assured water supply no longer exists.
- 3. The Department's determination that an assured water supply exists for Johnson-Pinal is based on its analysis of the water supplies pledged by Johnson-Pinal.
- Johnson-Pinal shall submit an application to modify this decision and order designating Johnson-Pinal as having an assured water supply to increase the term of the designation when the sum of Johnson-Pinal's current demand, committed demand and two year projected demand exceeds 1,595.48 acre-feet per year, or by December 31, 2015, whichever is earlier.
- 5. Pursuant to A.A.C. R12-15-719, Johnson-Pinal shall satisfy any state water quality requirements established for its proposed use after the date of this designation.
- 6. Johnson-Pinal shall annually provide to the Department the following information for the previous calendar year in the manner prescribed in A.A.C. R12-15-711(A):
  - a. An estimate of the demand of platted, undeveloped lots located in Johnson-Pinal's service area.
  - b. An estimate of the projected demand at build-out for customers with which Johnson-Pinal has entered into a notice of intent to serve agreement in the preceding calendar year.
  - c. A report regarding Johnson-Pinal's compliance with water quality requirements.
  - d. The depth-to-static water level of all wells from which Johnson-Pinal withdrew water during the calendar year.
  - e. Any other information requested by the Director to determine whether Johnson-Pinal continues to meet all the requirements necessary to maintain this designation of assured water supply.

IT IS HEREBY ORDERED THAT JOHNSON-PINAL'S SERVICE AREA LOCATED WITHIN THE PINAL AMA BE DESIGNATED AS HAVING AN ASSURED WATER SUPPLY UNTIL **DECEMBER 31, 2017.** day of DECENSOR Arizona Department of Water Resources A copy of the foregoing **Decision and Order** mailed by certified mail this 150 day of December, 2008, to: **Brian Tompsett** Certified Mail No.: 1006 2760 0002 4885 1862 Johnson Utilities, L.L.C. dba Johnson Utilities Pinal Sent by: 5230 E. Shea Blvd., Suite 200 Scottsdale, AZ 85254 

1 2	A copy of the foregoing mailed by first class mail this 15th day of December, 2008, to:
3	Michael J. Pearce
4	Maguire & Pearce, P.L.L.C. 2999 N. 44th Street, Suite 630 Phoenix, AZ 85018
5	Roy Tanney
6	Arizona Department of Real Estate 2910 N. 44th Street
7	Phoenix, AZ 85018
8	Cliff Neal Central Arizona Groundwater
9	Replenishment District P.O. Box 43020 Phoenix, AZ 85080
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11	Randy Edmond Area Director Pinal Active Management Area
12	1729 N. Trekell Rd., Suite 105 Casa Grande, AZ 85222
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